

Senator Charles Poochigian



CAPITOL UPDATE

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Workers' comp: the bottom line

MUST-HAVES: COST CONTROL, OBJECTIVE DIAGNOSES, DISPUTE RESOLUTION

By Charles Poochigian in the San Jose Mercury News

The debate over California's workers' compensation crisis has moved to the forefront as Gov. Arnold Schwarzenegger's March 1 deadline for legislative reform nears. What is agreed on by all is that something must be done to fix our broken system.

Workers' compensation rates have skyrocketed in recent years, in many cases 200 to 300 percent and more, and California employers are turning up the heat on state lawmakers to take immediate action and provide relief.

It is crucial that all parties involved are committed to bringing California's costs down to the national average. I am carrying the governor's workers' compensation proposal, contained in SB X4 3, which is the only comprehensive package of reforms yet introduced designed to achieve that goal.

Alternative proposals are being floated, most notably by the insurance commissioner and some labor organizations. It is a sign of progress that opposing sides of the debate are coming to the table, rather than just stonewalling to protect the status quo. Some of the ideas offered may provide appropriate points of discussion as we seek common ground. However many of the suggested alternatives fall short of the mark and, in some instances, could actually increase costs.

My bill mandates that objective medical findings be used both in treating

injuries and in determining permanent disability. The current system is so subjective and arbitrary that two workers with identical injuries could have wide disparity in both treatment and disability awards. This lack of consistency leads to increased litigation and animosity between employers and employees.

We also need to expand the alternative dispute resolution process, which only my bill would do. The state's workers' compensation system was originally

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designed to expedite treatment for injured workers -- getting them back on the job quickly while reducing the need for lawsuits and costly litigation. The benefits of the alternative dispute resolution system that work effectively for some trades should be available to all in the workforce.

A common sense provision included in my bill would mandate that workers' compensation injuries be predominantly caused in the workplace. Despite its obvious logic, the provision is conspicuously absent from alternate proposals.

Finally, my bill would increase benefits to the most severely disabled when

California reaches the nationwide average in workers' compensation costs.

Some have suggested that the state would be better off if more regulations were placed on private insurance providers. Such providers only account for 25 percent of the market, while the entire market has been hit with significant increases. Virtually all employers -- publicly insured, privately insured, and self-insured -- have been pummeled by proliferating workers' compensation costs, highlighting the need for a full system overhaul.

I believe the governor's package has framed the workers' compensation debate and that many of the underlying themes expressed in our bill must be contained in the final product. However, nothing is set in stone, and everything is open for discussion.

The ultimate measure of success for any package of workers' comp reforms will be whether it provides predictable, quantifiable and substantial cost savings for employers while ensuring that truly injured workers receive the care they deserve.

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